

SENATE BILL 674  
By McNally

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 7,  
Part 10 relative to downcoding and bundling procedures.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. As used in this act:

(a) "Healthcare provider" means any person or entity performing services regulated pursuant to title 63.

(b) "Managed care entity" means a health insurer, health maintenance organization or any other entity that delivers, administers or assumes risk for healthcare services with systems or techniques to control or influence the quality, accessibility, utilization or cost and prices or such service to a defined enrollee population.

SECTION 2.

(a) A contract between a managed care entity and a healthcare provider shall provide that:

(1) At any time, the healthcare provider may request a copy of the coding guidelines, including any underlying bundling, recoding or other payments logic, and payment process and fee schedules applicable to specific procedures that the healthcare provider will receive under any contract to provide health care

services. The healthcare provider may also request the name, edition, and model version of the software that the managed care entity uses to determine bundling and unbundling of claims;

(2) The managed care entity or the managed care entity's agent shall provide the guidelines not later than the thirtieth day after the date of the request;

(3) The managed care entity will provide notice of material changes to the coding guidelines, notes, payment logic and fee schedules not later than the sixtieth day before the date the changes take effect and will not make retroactive revisions to the coding guidelines and fee schedules; and

(4) The contract may be terminated by the healthcare provider on or before the thirtieth day after the date the healthcare provider receives information requested under this subsection without penalty or discrimination in participation in other health care products or plans.

(b) A healthcare provider who receives information under subsection (a) may use or disclose the information only for the purpose of practice management, billing activities, or other business operations. The commissioner of commerce and insurance may impose and collect a penalty of up to one thousand dollars (\$1,000) for each use or disclosure of the information that violates this subsection.

### SECTION 3.

(a) Managed care entities shall pay claims according to nationally recognized, generally accepted American Medical Association current procedural terminology (CPT) codes, notes and guidelines, including all relevant modifiers.

(b) Managed care entities shall pay claims consistent with nationally recognized, generally accepted bundling logic and edits except in cases where there is a dispute between the managed care entity and the healthcare provider at which time Medicare guidelines would take precedence.

SECTION 4. The provisions of this act shall not apply to TennCare.

SECTION 5. Information disclosed pursuant to this act shall not be interpreted as a violation of copyright or other laws in the disclosure of licensed, proprietary software.

SECTION 6. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 7. This act shall take effect July 1, 2003, the public welfare requiring it.